

Senate Select Committee on Superannuation and Financial Services

Main Inquiry Reference (b)

**Submission No. 31
(Supplementary to Submission No. 30)**

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THE TREASURY

5 September, 2000

Senator John Watson
Chair
Senate Select Committee on Superannuation and Financial Services
Parliament House
CANBERRA ACT 2600

Dear Senator Watson

I refer to my letter of 16 August 2000. Would you please disregard it as this letter replaces it.

I note that in the Senate Select Committee on Superannuation and Financial Services' hearing into prudential supervision, global financial services and the Superannuation Guarantee Charge, held on Friday 14 July 2000, you made reference (Hansard 14 July 2000, SFS 637) to the treatment of remuneration for expatriate staff under the Superannuation Guarantee (SG). While it is not clear whether you sought clarification on notice of the treatment of expatriate workers under the SG, I wish to take this opportunity to inform you of the most recent developments in this area.

As you noted during the Committee hearing, employers are, in principle, required to make SG contributions on behalf of non-residents performing work in Australia. However, the Government currently provides an SG exemption to:

- employers of certain non-resident senior executives who meet the eligibility criteria for the former class 413 (executive (overseas)) visa, which in 1996 was incorporated into a new single Class 457 – Business (Long Stay) visa; and
- non-residents employed for the Sydney 2000 Olympic and Paralympic Games.

The Government has also entered into bilateral negotiations with several countries to include provisions within social security agreements to exempt employers from making SG contributions on behalf of non-resident employees seconded to Australia (generally for a period of up to four years) where those employees are covered by an equivalent scheme in the other country. While some of these negotiations are quite advanced, at this stage it is not possible to determine when the first agreements may be concluded.

In addition, on 25 June 1997, the Assistant Treasurer announced that the Australian Government would be prepared to enter into bilateral negotiations with other countries to facilitate reciprocal agreements for the transfer of superannuation benefits by non-residents on permanent departure from Australia.

I trust this information will be of assistance to you.

Yours sincerely

Raphael Cicchini
Manager
Superannuation Unit